

Evaluation of the Bureau of Counterterrorism's Countering Terrorism Finance Programming and Processes

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EXECUTIVE SUMMARY

Building the will and the capability of nations to detect and prevent the financing of terrorism is one of the key tools that the U.S. State Department's Bureau of Counterterrorism (henceforth, "CT Bureau") employs as part of its efforts to "weaken terrorist groups and their support networks."¹ This report evaluates the effectiveness of the CT Bureau in building countering terrorism financing (CTF) partner-nation capabilities.

Evaluation of CTF Programming

The first part of this analysis examines the effectiveness of the CT Bureau's in-country activities in the CTF domain (henceforth, "CTF programming") by combining findings from fieldwork involving three CTF priority countries—Kenya, Panama, and Somalia—with insights from CTF resident legal advisers (RLAs) worldwide. The goal is to identify the types of CTF activities that have been the most effective in achieving sustainable outcomes and provide recommendations for how future CTF programming can be better planned and implemented.

Six key findings emerged from this analysis of CTF programming. The first four findings identify good practices for effective programming, with experience suggesting that:

1. Nesting CTF activities with other related domains (e.g., antimoney laundering [AML], countering violent extremism [CVE] programs, asset forfeiture) can improve efficacy in the CTF domain.
2. In-person mentoring of host-nation personnel—such as U.S.-hosted roundtable discussions of AML/CTF issues, visits to host government offices to discuss emerging needs, persistent training of the same group of individuals, and one-on-one case-based mentoring—is as important as technical training.
3. The United States has a unique ability to overcome CTF coordination challenges facing both partner nations and the international community.
4. Allowing RLAs flexibility in their approach can enhance their effectiveness, as it enables relationship-building with partner nations and within the embassy.

The fifth finding is that country baseline assessments would likely improve the efficacy of CTF programming. Finally, international financial pressure can shape the domestic political environment and encourage partner nations to make CTF reforms.

Two general recommendations emerge from these findings. The first is that country baseline assessments—common outside of the CT Bureau but used only infrequently to support CTF programming—should be used to guide where and how CTF programming is executed. This baseline assessment should have at least three key characteristics. First, it should *support efforts to provide guidance to CTF implementers*, by identifying both the gaps in a country's

¹ U.S. State Department, "Programs and Initiatives," undated-k.

capabilities and setting realistic expectations, given the partner nation's security environment and political will for reform. Second, it should *describe the needs and requirements of the embassy*, as the country team typically has detailed knowledge of the operating environment, and CTF efforts will be most effective if nested within other efforts already underway. Third, it should serve not only to guide efforts but also as a tool to *determine whether CTF programming is appropriate for that country at that time*. If the political environment is not ready for change, CTF programming will likely be of limited value.

The second recommendation focuses on RLAs, who are likely to be most effective in supporting CTF equities when they are provided more flexibility to achieve the embassy's requirements. The CT Bureau should consider employing RLAs more frequently in "cost sharing" partnerships with one or more other agencies, perhaps including the Department of Justice itself. This will extend the reach of CTF activities and provide the RLAs the tools they need to be effective in the CTF domain. The CT Bureau and Office of Overseas Prosecutorial Development, Assistance, and Training (OPDAT) need to coordinate to ensure potential applicants know RLAs' expectations and requirements. Mechanisms also need to be put in place to ensure that RLAs are well integrated within embassy country teams and broader CT Bureau efforts.

Regardless, given their importance in the CTF program, CT Bureau should coordinate a State Department-wide study focused on the optimal employment of RLAs.

Evaluation of CTF Programming Processes

The second part of the analysis assessed the efficacy of the CT Bureau's existing processes for determining priority countries, issues, gaps, and needs in CTF programming. Drawing on insights with CT professionals within the Department of Justice, State Department, and Treasury Department, this component of the research identified six key findings.

The CT Bureau's CTF program exists in a complex multiplayer landscape both within the State Department and within the entire U.S. government, in which CTF responsibilities and activities overlap and little incentive exists to cooperate. No formal coordination process exists across the U.S. government to prioritize or rationalize CTF capacity-building programs or to align priority CTF countries with the countries flagged for noncompliance by the Financial Action Task Force (FATF). All this makes it difficult for the CT Bureau to define, prioritize, and integrate its CTF activities with those of others across the U.S. government. The CT Bureau itself faces challenges in integrating CTF policy with its overall counterterrorism goals, and difficulties persist in prioritizing CTF policy and integrating CTF policy and programs. The CTF program relies on multiple interagency partners, creating problems for the CT Bureau in shaping priorities and executing its CTF program. No formal CTF planning process exists with embassies, even though they often have a better gauge of the absorptive capacity of various host countries and know what the resources, equities, and needs of the agencies and financial institutions are. Finally, CTF programming currently has no structured oversight process and lacks a systematic collection of data for evaluating the CTF program as a whole.

Within this reality, we recognize that improvements in the CT Bureau's CTF programming could be made through the clarification and consolidation of CTF authorities across the U.S. government; the establishment of an interagency process for defining priority targets and coordinating CTF programs and funding; and the clarification of responsibilities among State Department bureaus. The CT Bureau could attempt to spearhead these changes, but to succeed would require the support of others across the government, which could prove problematic.

Our recommendations focus on steps the CT Bureau can take unilaterally to improve its processes for CTF priority-setting and program implementation. We do not favor another reorganization of the CT Bureau, given the turbulence recent changes have caused. Our first recommendation is to consolidate responsibility for CTF policy in a single office and expand its visibility and clout. Consolidating policy responsibility in a single office could help the CT Bureau navigate the complex interagency landscape and ensure CT Bureau priorities are integrated into CTF program priorities as implemented by others across the government. We recommend that the CT Bureau empower the CTF policy office to serve as an interagency information hub that would help align priorities between counterterrorism and CTF policies and programs and direct CTF activities toward filling gaps. The CT Bureau needs to set up a process to systematically solicit requirements and requests for CTF programs from embassies and interagency implementers. Finally, we recommend the CT Bureau create a structured oversight process for its CTF program that includes reporting, assessments, and mechanisms for accountability. This type of detailed information on program activity and key milestones achieved would assist not only in oversight and improving the overall set of activities funded by the CTF program but also transition between programs or personnel on CTF-funded activities in a specific country.